

MINUTES

MONTANA SENATE 56th LEGISLATURE - REGULAR SESSION

COMMITTEE ON EDUCATION AND CULTURAL RESOURCES

Call to Order: By **CHAIRMAN DARYL TOEWS**, on February 19, 1999 at 3:25 P.M., in Room 402 Capitol.

ROLL CALL

Members Present:

Sen. Daryl Toews, Chairman (R)
Sen. Bill Glaser, Vice Chairman (R)
Sen. Jon Ellingson (D)
Sen. Alvin Ellis (R)
Sen. John Hertel (R)
Sen. Debbie Shea (D)
Sen. Mike Sprague (R)
Sen. Spook Stang (D)
Sen. Mignon Waterman (D)
Sen. Jack Wells (R)

Members Excused: Sen. Bob Keenan (R)

Members Absent: None.

Staff Present: Eddye McClure, Legislative Branch
Janice Soft, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: None
Executive Action: SB 100 DPAA; SB 422 DPAA
SB 402 TABLED

EXECUTIVE ACTION ON SB 100

SEN. DARYL TOEWS referred to **EXHIBIT(eds41a01)** and said amendments offered by **SEN. DEBBIE SHEA** incorporated HB 133 into **SB 100** while the other three put money into the bottom of the base, maintained the Constitutional equalization funding, increased the Direct State Aid and didn't pass any unfunded mandates to schools. All three left the \$18,000 and \$200,000 as was but the percentages and dollar amounts changed.

Motion: **SEN. GLASER** moved **SB 100**.

Motion: **SEN. GLASER** moved that **AMENDMENTS SB010008.AEM EXHIBIT(eds41a02)** DO PASS.

Substitute Motion: **SEN. ELLINGSON** made a substitute motion that **ELLINGSON AMENDMENTS DO PASS. MOTION FAILED 4-6 with SENATORS GLASER, ELLIS, WELLS, HERTEL, SPRAGUE AND TOEWS no.**

Discussion:

SEN. BARRY "SPOOK" STANG said when he traveled around the state or read newspapers and noticed schools all around the state were closing, he realized the people were losing a sense of community, whether the community was small or large. It was his opinion in the past years the legislature hadn't funded schools at the level they should have, inasmuch he was one who helped put together the funding package a few years ago. It had to be at 70% or better in order to keep the schools equalized and keep the model working. He said after hearing the testimony from the lady from Superior, he was reminded something had to be done for all schools in Montana. His amendments incorporated the collective ideas from the committee on how to fund the schools -- they truly kept the spirit from HB 667, etc., when the legislature promised the schools they would have to "ante up" on the local level for only five years and get to that level; then they wouldn't have to "ante up" with their local levies any more. He suggested this amendment kept that promise and was probably affordable. The Governor had proposed a 3.5% and 1.5% increase but the flaw was it didn't take care of the schools at the bottom and neither did State Superintendent Nancy Keenan's proposal of a 4% and 2% increase. He stated his amendments put the money into the elementary schools which were up against the caps and would allow them enough movement so they could keep their schools and community. He said he hoped the committee could support the amendments because the costs were in-between, yet solved the problem. He felt it was important that when **SB 100** left the Senate there would be on-going funding rather than one-time-only money that was higher than the Governor's level of funding because when it got to the House, it could be changed. The Senate needed to be in the position of saying they, as a body,

decided to fund Montana education properly by giving as much of an increase as possible.

{Tape : 1; Side : A; Approx. Time Counter : 7.6}

Erik Burke, Governor's Office, said before the Session, Governor Racicot wanted to give schools maximum flexibility in the funding increase and his office was still committed to his proposal of a 3.5% and 1.5% increase. However, the Governor realized there were other priorities and ideas of how to fund schools and how to structure it. He said the Governor agreed local property tax payers with schools at the 80% level was a state mandate to increase property taxes -- something could be done to bring those people to 80%, yet not jeopardize equalization. The Governor was still committed, though, to increase the schedule as much as possible and wondered how it could be done -- he talked to SEN. JOHN HARP, **SEN. TOEWS** and various committee members and studied the various proposals as well and determined **SEN. STANG'S** proposal went about as far as they could go; in fact, they were lending their support to it.

SEN. ALVIN ELLIS said he felt there was a risk because if the base entitlement wasn't increased by the same amount as the per student entitlement, the formula could get out of balance, though probably not by much; clearly it could be corrected another time.

SEN. BILL GLASER said there were three issues in the spreadsheet (**EXHIBIT 1**): (1) Moving the top up a bit so there was some room; (2) Keeping it constitutionally pure; (3) Base entitlement. Two years from now the legislature would lose **SEN. TOEWS** and **SEN. STANG** and the issue would have to be considered again; therefore, he decided it was the most responsible thing to deal with Direct State Aid percentage and ANB amount to give some head room and deal with the basic entitlement in two years. He agreed with **SEN. STANG** in that this was the best that could be done, based on the money available.

Vote: Motion carried 9-1 with **SEN. WELLS** voting no.

Motion/Vote: **SEN. WATERMAN** moved that SB 100 AS AMENDED DO PASS. Motion carried unanimously 10-0.

{Tape : 1; Side : A; Approx. Time Counter : 14.3}

EXECUTIVE ACTION ON SB 422

SEN. DARYL TOEWS said the purpose of **SB 422** was to allow parents to send their children to schools where they wanted. He said

since the bill was heard, a change was made to allow districts to enter into agreements with other districts.

Discussion:

SEN. MIGNON WATERMAN stated she thought a lot of concerns of the Helena district were resolved when districts were allowed to negotiate the difference between what they received in ANB; however, another concern she had was whether it should be considered to allow parents to enter into tuition agreements with a different district at their expense.

SEN. DARYL TOEWS said when major changes were made, over time glitches would develop which would have to be smoothed out.

Before **Eddye McClure** gave some explanations, **SEN. TOEWS** referred to the back page and said he took out the special education because he didn't realize it had a fiscal impact.

SEN. WATERMAN asked if additional funding was given if special education kids transferred. **SEN. TOEWS** said it wasn't given because there was no money. **Eddye McClure** said in the original bill, the savings from eliminating tuition in some areas was to be transferred to pay for special education costs above and beyond.

Kathy Fabiano, Office of Public Instruction (OPI), said the original bill had the state paying those excessive special education costs. Now the bill said if the special education student was a state placement, those costs would be negotiated and the state would pay them; however, if a district placed a special education student, the district would negotiate those costs. In other words, it would be business as usual.

Eddye McClure used **EXHIBIT(eds41a03)** as a basis for her explanation and the committee followed along.

{Tape : 1; Side : A; Approx. Time Counter : 22.9}

SEN. ALVIN ELLIS said he understood the negotiations were voluntary; therefore, he didn't understand the incentives for sending districts to pay tuition. It seemed most of the incentive for legislation like this was to allow kids to go to another district and it seemed the sending district would be reluctant to enter into these agreements; the bill eliminated tuition. Furthermore, not all schools had tuition funds and transportation funds were already committed. He said he would like to enable kids to be able to attend other schools if those

schools had room, etc.; however, he wasn't sure the bill allowed that.

SEN. DARYL TOEWS said they tried to consider the money following the student but they found there were too many problems to make that happen. They thought of putting pressure on the sending district by allowing the receiving district to have an option to not accept those students, which might in the end force the sending district to come up with a financial plan. He said he was hesitant to include parents' tuition because they could be manipulated.

SEN. ELLIS said he agreed with the reasoning for not including parents but he still was concerned about districts which were not wealthy and had students that wanted to attend somewhere else; therefore, there would be no tuition. He asked **SEN. TOEWS** if he would consider a flat tuition rate that was approximately 23% of the base, which would come close on an average; the sending district would have to follow the student as long as the receiving district took their kids.

SEN. TOEWS said he was receptive to any idea that might work.

SEN. ELLIS commented he couldn't address that today but offered to prepare something for the Senate floor debate.

SEN. BILL GLASER submitted this problem had been going on since 1985 and this was **SEN. TOEWS'** last chance to do something about it. As this bill went through the process, he would either improve it to be acceptable to all entities or it would fail; if that's what happened, it would be dealt with again in two years. He suggested the sponsor be allowed to give it his best effort.

Motion: **SEN. GLASER** moved SB 422.

Motion: **SEN. GLASER** moved that **AMENDMENTS SB042201.AEM**
EXHIBIT(eds41a04) DO PASS.

Discussion:

SEN. JOHN HERTEL referred to schools which weren't now paying tuition and wondered if the bill would change that. **SEN. TOEWS** said the bill would have no effect on that situation.

SEN. MIGNON WATERMAN said the Helena district would be one of the most impacted ones -- their impact with no tuition at all would be in excess of \$500,000; however, with the amendments and ability to charge for tuition the impact could be as low as \$195,000.

Vote: Motion that AMENDMENTS SB042201.AEM DO PASS carried unanimously 10-0.

Vote: Motion that SB 422 AS AMENDED DO PASS carried unanimously 10-0.

RE-TABLING SB 204

SEN. ALVIN ELLIS thanked the members of the Subcommittee for meeting about the bill. He said they met with **SEN. TOM KEATING** and agreed to disagree.

Motion/Vote: SEN. ELLIS moved that SB 402 BE TABLED. Motion carried unanimously 10-0.

ADJOURNMENT

Adjournment: 4:00 P.M.

SEN. DARYL TOEWS, Chairman

JANICE SOFT, Secretary

DT/JS

EXHIBIT (eds41aad)